

## DESCRIPTION OF CAPITAL STOCK

Immediately following the completion of this offering, our authorized capital stock will consist of shares of Class A common stock, par value \$0.01 per share, shares of Class B common stock, par value \$0.01 per share, shares of Class C common stock, par value \$0.01 per share, and shares of preferred stock, no par value per share. Immediately following the completion of this offering, there will be outstanding:

- shares of Class A common stock, all of which will be owned by the investors purchasing shares in this offering;
- options to purchase shares of Class A common stock;
- shares of Class B common stock, all of which will be owned by Verizon indirectly;
- no shares of Class C common stock; and
- no shares of preferred stock.

The shares of Class B common stock held by Verizon and its affiliates are convertible into shares of Class C common stock. Prior to any exercise of the underwriters' over-allotment option, if the shares of Class B common stock were converted into shares of Class C common stock, the Class C common stock would constitute approximately 82% of our outstanding common stock, before giving effect to any issuance of shares of Class A common stock upon the exercise of outstanding options of Genuity or otherwise.

In the event that the underwriters exercise any portion of the over-allotment option, we will issue additional shares of Class B common stock to Verizon for no additional consideration. Immediately after the exercise of the underwriters' over-allotment option and the issuance of these additional shares, the total number of shares of Class B common stock that Verizon will beneficially own will equal 10% of the total number of shares of Class A common stock and Class B common stock then outstanding, before giving effect to any issuance of shares of Class A common stock upon the exercise of outstanding options of Genuity. Despite the issuance of the additional shares of Class B common stock to Verizon, the aggregate number of shares of Class C common stock issuable upon conversion of the Class B common stock, including the additional shares, will remain the same because the conversion ratio will be adjusted. If the Class B common stock were converted into Class C common stock immediately after the exercise in full of the underwriters' over-allotment option and the issuance of the additional shares of Class B common stock, the Class C common stock would constitute 80% of our outstanding common stock, before giving effect to any issuance of shares of Class A common stock upon the exercise of outstanding options of Genuity.

### Common Stock

The shares of our Class A common stock, Class B common stock and Class C common stock are identical in all respects except for voting rights, conversion rights and as otherwise described below. The rights, preferences and privileges of holders of our Class A common stock, Class B common stock and Class C common stock are subject to the rights of the holders of shares of any other class of common stock that we may authorize and issue and any series of preferred stock that we may designate and issue in the future.

*Voting Rights.* Each share of Class A common stock and Class B common stock entitles the holder to one vote on each matter submitted to a vote of our stockholders. Each share of Class C common stock, which may be held only by Verizon and its affiliates, entitles the holder to five votes on each matter. Except as required by applicable law or as discussed below, the holders of the Class A common stock, Class B common stock and Class C common stock vote together as a single class on all matters submitted to a vote of our stockholders.

So long as 50% of the shares of Class B common stock outstanding immediately following the completion of this offering, including additional shares of Class B common stock issued to Verizon in connection with the exercise of the over-allotment option, remain outstanding, no person or group of persons acting together, as

determined pursuant to Rule 13d-3 under the Securities Exchange Act of 1934, will be permitted to vote any of the shares of Class A common stock beneficially owned by that person or group of persons in excess of 15% of the aggregate number of then outstanding shares of Class A common stock, except as set forth below. To the extent any person or group of persons beneficially owns more than 15% of the shares of Class A common stock, the vote of any excess shares will be apportioned among the other holders of Class A common stock in accordance with their respective percentage ownership. In order to enforce this limitation, our certificate of incorporation permits us to require stockholders or groups that have filed or, in the reasonable judgment of our board of directors after consultation with legal counsel, were required by law to have filed, a Schedule 13D or Schedule 13G, or any successor schedules or forms, under the Securities Exchange Act, to certify to us in writing the number of shares of Class A common stock beneficially owned by them as of the applicable record date. This prohibition on voting excess shares of Class A common stock does not apply to Verizon or its affiliates or to any person or group of persons that acquired Class A common stock by converting Class B common stock.

So long as any shares of Class B common stock remain outstanding, the holders of Class B common stock, voting separately as a class, will have the right to elect one member of our board of directors. The holders of Class B common stock are also entitled to vote with the holders of the Class A common stock and Class C common stock in the election of the other directors. You should refer to the section in "Management" entitled "Composition of Board of Directors" for a more detailed description of our board of directors.

In addition, the affirmative vote of the holders of a majority of the outstanding shares of Class B common stock, voting separately as a class, is required for:

- any issuance of capital stock, securities convertible into our capital stock or share equivalents, other than shares of our capital stock reserved at the time of this offering for issuance to employees and directors pursuant to our stock option plans;
- any authorization of additional capital stock;
- any material change in the nature or scope of our business;
- any merger, consolidation, sale of all or substantially all of our assets or any similar transaction;
- any amendment to our certificate of incorporation or our by-laws that affects the rights of the holders of our Class B common stock;
- any action that would make it unlawful for a holder of Class B common stock to exercise its conversion rights; and
- any filing or declaration of bankruptcy or any full or partial liquidation.

This class vote will not be required if at any time:

- Verizon controls more than 50% of the then outstanding shares of Class B common stock, and the common stock owned by Verizon and its affiliates constitutes less than 10% of our outstanding common stock on an as converted basis; or
- Verizon controls 50% or less of the then outstanding shares of Class B common stock, and the outstanding shares of Class B common stock constitute 50% or less of our outstanding common stock on an as converted basis.

We have also entered into an agreement that requires us to obtain the consent of Verizon or its assignees prior to taking other actions. You should refer to the section in "Related Party Transactions" entitled "Subscription Agreement."

*Dividends, Distributions and Stock Splits.* Subject to preferences that may apply to any outstanding series of preferred stock, the holders of each of our three classes of common stock are entitled to receive dividends at the same rate if, as and when dividends are declared by the board of directors out of assets legally available therefor. In the case of dividends or distributions payable in common stock, only shares of Class A common stock will be distributed on Class A common stock, only shares of Class B common stock will be distributed on Class B common stock and only shares of Class C common stock will be distributed on Class C common stock. In no

event may any of the shares of Class A common stock, Class B common stock or Class C common stock be subdivided or combined in any manner unless each other class is subdivided or combined in the same proportion.

*Conversion.* The Class A common stock has no conversion rights. The Class B common stock is convertible by Verizon and its affiliates into shares of Class C common stock. Prior to any exercise of the underwriters' over-allotment option, if the shares of Class B common stock were converted into shares of Class C common stock, the Class C common stock would constitute approximately 82% of our outstanding common stock, before giving effect to any issuance of shares of Class A common stock following the exercise of any outstanding options under our long-term incentive plans or otherwise. Under our proposal to the Federal Communications Commission, the shares of Class B common stock held by Verizon must be converted on or prior to \_\_\_\_\_, 2005, unless by that date Verizon is permitted by law to provide long distance services with respect to at least 95% of the telephone lines in the Bell Atlantic states. In that event, the date by which Class B common stock held by Verizon can be converted will be extended until at least \_\_\_\_\_, 2006.

The shares of Class B common stock held by any person other than Verizon or its affiliates may not be converted into Class C common stock. Instead, such shares are convertible at any time into shares of Class A common stock. The number of shares of Class A common stock into which such shares of Class B common stock are convertible is equal to the number of shares of Class C common stock into which such shares would be convertible if they were held by Verizon or its affiliates.

Only Verizon and its affiliates may hold Class C common stock. The Class C common stock is convertible into Class A common stock, in whole or in part, at any time and from time to time at the option of the holder, on the basis of one share of Class A common stock for each share of Class C common stock. Each share of Class C common stock will automatically convert into one share of Class A common stock if at any time (1) the shares are transferred to any person other than Verizon and its affiliates or (2) the aggregate number of outstanding shares of Class C common stock, together with any shares of Class C common stock issuable upon conversion of Class B common stock, and the number of shares of Class A common stock controlled by Verizon and its affiliates constitute less than 10% of our then outstanding common stock.

*Right to Purchase Additional Shares Upon Conversion.* If at the time Verizon or its affiliates converts shares of Class B common stock into shares of Class C common stock, and after the conversion, Verizon and its affiliates together control shares of Class A common stock and Class C common stock that together equal or exceed 70% of the total number of shares of common stock outstanding at that time, then Verizon will have the right to acquire from us a number of shares of Class A common stock so that Verizon and its affiliates combined ownership of Class A and Class C common stock will be equal to 80% of the total number of shares of common stock outstanding at that time. The price payable per share in this purchase would be the average of the closing prices for the Class A common stock for the 30 trading days immediately preceding the date of the purchase. This right to purchase additional shares may be exercised only one time.

*Liquidation.* In the event of any dissolution, liquidation, or winding up of our affairs, whether voluntary or involuntary, the holders of the Class A common stock, the Class B common stock and the Class C common stock will be entitled to share ratably, in proportion to the number of shares they represent of our outstanding common stock, in the assets legally available for distribution to stockholders, in each case after payment of all of our liabilities and subject to preferences that may apply to any series of preferred stock then outstanding. We may not dissolve, liquidate or wind up our affairs without obtaining the consent of the holders of the outstanding shares of our Class B common stock.

*Mergers and Other Business Combinations.* If we enter into a merger, consolidation or other similar transaction in which shares of our common stock are exchanged for or converted into securities, cash or any other property, the holders of each class of our common stock will be entitled to receive an equal per share amount of the securities, cash, or other property, as the case may be, for which or into which each share of any other class of common stock is exchanged or converted. However, in any transaction in which shares of capital stock are distributed, the shares that are exchanged for or converted into the capital stock may differ as to voting rights and conversion rights only to the extent that the voting rights and conversion rights of Class A

common stock, Class B common stock and Class C common stock differ at that time. As described above, the holders of the Class B common stock, voting separately as a class, must consent to any merger, consolidation or other similar transaction.

*Other Provisions.* The holders of our Class A common stock, Class B common stock and Class C common stock are not entitled to preemptive rights. There are no redemption provisions or sinking fund provisions that apply to the Class A common stock, the Class B common stock or the Class C common stock.

### **Preferred Stock**

Our board of directors has the authority, without further action by the holders of our Class A common stock or Class C common stock, to issue from time to time, shares of our preferred stock in one or more series. The issuance of shares of preferred stock is, however, subject to the approval of holders of the Class B common stock. Once the approval of the holders of the Class B common stock has been obtained, our board of directors may fix the number of shares, designations, preferences, powers and other special rights of the preferred stock. The preferences, powers, rights and restrictions of different series of preferred stock may differ. The issuance of preferred stock could decrease the amount of earnings and assets available for distribution to holders of common stock or affect adversely the rights and powers, including voting rights, of the holders of common stock. The issuance of preferred stock, while providing flexibility in connection with possible acquisitions and other corporate purposes, may also have the effect of discouraging, delaying or preventing a change in control of our company, regardless of whether the transaction may be beneficial to stockholders. After the closing of this offering, there will be no shares of preferred stock outstanding and we have no current plans to issue any shares of preferred stock.

### **Anti-takeover Effects of Delaware Law and our Certificate of Incorporation and By-laws**

In addition to the special approval and conversion rights of the Class B common stock and the provision referred to above relating to the voting of beneficial ownership above 15% of our outstanding shares of Class A common stock, there are provisions of the Delaware General Corporation Law and other provisions of our certificate of incorporation and by-laws that may be deemed to have an anti-takeover effect and may discourage, delay or prevent a tender offer or takeover attempt that a stockholder might consider in its best interest, including those attempts that might result in a premium over the market price for the shares held by our stockholders. These provisions are summarized in the following paragraphs. The provisions relating to the existence of a classified board and the procedure for removing directors would not apply following the conversion of a majority of the then outstanding shares of Class B common stock.

*Classified Board of Directors.* Other than the director elected by the holders of our Class B common stock, our board of directors will be divided into three classes of directors, as nearly equal in size as possible, serving staggered three-year terms. Upon expiration of the term of a class of directors, the directors in that class will be elected for three-year terms at the annual meeting of stockholders in the year in which the term for that class of directors expires. In addition, our certificate of incorporation provides that directors may be removed only for cause by the affirmative vote of the holders of two-thirds of the shares of capital stock entitled to vote in the election of directors. Under our certificate of incorporation and by-laws, a vacancy on the board of directors, including a vacancy resulting from an enlargement of the board of directors, other than the currently planned enlargement of the board of directors during the first three years after the date of this offering as described in the section in "Management" entitled "Composition of Board of Directors", may only be filled by vote of a majority of the directors then in office. The classification of the board of directors and the limitations on removing directors and filling vacancies could have the effect of making it more difficult for a third party to acquire, or of discouraging a third party from acquiring, control of us.

*Stockholder Action; Special Meeting of Stockholders.* Our certificate of incorporation eliminates the ability of our Class A common stock to act by written consent. Our by-laws further provide that special meetings of our stockholders may be called only by the chairman of the board of directors, the chief executive officer or, if none, the president, or a majority of the board of directors. These provisions could have the effect of delaying until the next annual meeting of stockholders those actions that are favored by the holders of a majority of our

outstanding voting securities. These provisions may also discourage another person from making a tender offer for our common stock, because that person, even if it acquired a majority of our outstanding voting securities, would be able to take action as a stockholder, such as electing new directors or approving a merger, only at a duly called meeting of stockholders and not by written consent.

*Advance Notice Requirements for Stockholder Proposals and Directors Nominations.* Our by-laws provide that stockholders seeking to bring business before an annual meeting of stockholders, or to nominate candidates for election as directors at an annual meeting of stockholders, must provide timely notice thereof in writing. To be timely, a stockholder's notice must be received at our principal executive offices not less than 90 days nor more than 120 days prior to the anniversary date of the immediately preceding annual meeting of stockholders. In the event that the annual meeting is called for a date that is not within 30 days before or after the anniversary date, in order to be timely, notice from the stockholder must be received no later than the tenth day following the date on which notice of the annual meeting was mailed to stockholders or made public, whichever occurred earlier. Our by-laws also specify requirements as to the form and content of a stockholder's notice. These provisions may preclude stockholders from bringing matters before an annual meeting of stockholders or from making nominations for directors at an annual meeting of stockholders.

*Authorized but Unissued Shares.* The authorized but unissued shares of common stock and preferred stock are available for future issuance without approval of the holders of Class A or Class C common stock. These additional shares may be utilized for a variety of corporate purposes, including future public offerings to raise additional capital, corporate acquisitions and employee benefit plans. The existence of authorized but unissued shares of common stock and preferred stock could render more difficult or discourage an attempt to obtain control of us by means of a proxy contest, tender offer, merger or otherwise.

#### **Transfer Agent and Registrar**

The transfer agent and registrar for our common stock is EquiServe.

## **CERTAIN UNITED STATES TAX CONSEQUENCES TO NON-U.S. HOLDERS OF CLASS A COMMON STOCK**

This section summarizes certain United States federal income and estate tax consequences of the ownership and disposition of our Class A common stock by a non-U.S. holder. You are a non-U.S. holder if you are, for United States federal income tax purposes:

- a non-resident alien individual;
- a foreign corporation;
- a foreign partnership; or
- an estate or trust that in either case is not subject to United States federal income tax on a net income basis on income or gain from Class A common stock.

This section does not consider the specific facts and circumstances that may be relevant to a particular non-U.S. holder and does not describe special tax rules that could apply to a non-U.S. holder who was previously a U.S. resident or citizen. This section does not address the treatment of a non-U.S. holder under the laws of any state, local or foreign taxing jurisdiction. This section is based on the tax laws of the United States, including the Internal Revenue Code of 1986, as amended, existing and proposed regulations, and administrative and judicial interpretations, all as currently in effect. These laws are subject to change, possibly on a retroactive basis.

**You should consult a tax advisor regarding the United States federal tax consequences of acquiring, holding and disposing of Class A common stock in your particular circumstances, as well as any tax consequences that may arise under the laws of any state, local or foreign taxing jurisdiction**

### **Dividends**

Except as described below, if you are a non-U.S. holder of Class A common stock, dividends paid to you are subject to withholding of United States federal income tax at a 30% rate or at a lower rate if you are eligible for the benefits of an income tax treaty that provides for a lower rate. Under currently effective United States Treasury regulations, for purposes of determining if dividends are subject to the 30% withholding tax, dividends paid to an address in a foreign country are presumed to be paid to a resident of that country, unless the person making the payment has knowledge to the contrary. Under current interpretations of United States Treasury regulations, this presumption also applies for purposes of determining whether a lower withholding rate applies under an income tax treaty.

Under United States Treasury regulations that will generally apply to dividends paid after December 31, 2000, you must satisfy certification requirements in order to claim the benefit of a lower treaty rate. Additionally, if you are a partner in a foreign partnership, you, in addition to the foreign partnership, must satisfy the certification requirements and the partnership must provide information as well. The Internal Revenue Service will apply a look-through rule in the case of tiered partnerships.

If you are eligible for a reduced rate of United States withholding tax under a tax treaty, you may obtain a refund of any amounts withheld in excess of that rate by filing a refund claim with the United States Internal Revenue Service.

If the dividends are “effectively connected” with your conduct of a trade or business within the United States, and, if required by a tax treaty, the dividends are attributable to a permanent establishment that you maintain in the United States, then the dividends generally are not subject to withholding tax. Instead, “effectively connected” dividends are taxed at rates applicable to United States citizens, resident aliens and domestic United States corporations.

If you are a corporate non-U.S. holder, “effectively connected” dividends that you receive may be subject to an additional “branch profits tax” at a 30% rate or at a lower rate if you are eligible for the benefits of an income tax treaty that provides for a lower rate.

#### **Gain on Disposition of Class A Common Stock**

If you are a non-U.S. holder, you generally will not be subject to United States federal income tax on gain that you recognize on a disposition of Class A common stock unless:

- the gain is “effectively connected” with your conduct of a trade or business in the United States, and the gain is attributable to a permanent establishment that you maintain in the United States, if that is required by an applicable income tax treaty as a condition for subjecting you to United States taxation on a net income basis;
- you are an individual, you hold the Class A common stock as a capital asset, you are present in the United States for 183 or more days in the taxable year of the sale and certain other conditions exist; or
- we are or have been a United States real property holding corporation for federal income tax purposes and you held, directly or indirectly, at any time during the five-year period ending on the date of disposition, more than 5% of the Class A common stock and you are not eligible for any treaty exemption.

If you are a corporate non-U.S. holder, “effectively connected” gains that you recognize may also, under certain circumstances, be subject to an additional “branch profits tax” at a 30% rate or at a lower rate if you are eligible for the benefits of an income tax treaty that provides for a lower rate.

We have not been, are not and do not anticipate becoming a United States real property holding corporation for United States federal income tax purposes.

#### **Federal Estate Taxes**

Class A common stock held by an individual who is a non-U.S. holder at the time of death will be included in the holder’s gross estate for United States federal estate tax purposes, unless an applicable estate tax treaty provides otherwise.

#### **Information Reporting and Backup Withholding**

In certain circumstances, dividends paid with respect to Class A common stock, and gross proceeds from the disposition of Class A common stock, could be subject to information reporting and backup withholding tax at a rate of 31%. Under currently applicable law, if you are a non-U.S. holder, dividends paid to you at an address outside the United States will not be subject to United States information reporting requirements or backup withholding tax. Beginning with respect to payments made after December 31, 2000, a non-U.S. holder will be entitled to such exemption only if the non-U.S. holder provides a Form W-8BEN, or satisfies certain documentary evidence requirements for establishing that it is a non-U.S. holder, or otherwise establishes an exemption.

If you sell your Class A common stock outside of the United States through a non-U.S. office of a non-U.S. broker, and the sales proceeds are paid to you outside the United States, then United States backup withholding and information reporting requirements generally will not apply to that payment. However, United States information reporting, but not backup withholding, will apply to a payment of sales proceeds, even if that payment is made outside the United States, if you sell your Class A common stock through a non-U.S. office of a broker that:

- is a United States person;
- derives 50% or more of its gross income for certain periods from the conduct of a trade or business in the United States;

- is a “controlled foreign corporation” as to the United States; or
- with respect to payments made after December 31, 2000, is a foreign partnership, if at any time during its tax year:
  - one or more of its partners are U.S. persons, as defined in United States Treasury regulations, who in the aggregate hold more than 50% of the income or capital interests in the partnership;
  - at any time during its tax year, the foreign partnership is engaged in a United States trade or business,

unless the broker has documentary evidence in its files that you are a non-U.S. person or you otherwise establish an exemption.

If you receive payments of the proceeds of a sale of Class A common stock to or through a United States office of a broker, the payment is subject to both United States backup withholding and information reporting unless you certify, under penalties of perjury, that you are a non-U.S. person or you otherwise establish an exemption.

You generally may obtain a refund of any amounts withheld under the backup withholding rules that exceed your income tax liability by filing a refund claim with the United States Internal Revenue Service.



## SHARES ELIGIBLE FOR FUTURE SALE

The sale of a substantial amount of our Class A common stock, including shares issued upon exercise of outstanding options to purchase Class A common stock, in the public market after this offering could adversely affect the prevailing market price of our Class A common stock. Furthermore, because no shares of Class A common stock will be available for sale shortly after this offering due to the contractual restrictions on resale described in the section entitled "Underwriting" and the legal restrictions on resale described below, the sale of a substantial amount of common stock in the public market after these restrictions lapse could adversely affect the prevailing market price of our Class A common stock and our ability to raise equity capital in the future.

Upon completion of this offering, we will have outstanding an aggregate of        shares of our Class A common stock, as well        shares of Class B common stock that are convertible into an aggregate of        shares of Class C common stock. This Class C common stock is convertible into        shares of Class A common stock. All of the        shares of our Class A common stock sold in this offering will be freely tradable without restriction or further registration under the Securities Act, unless the shares are purchased by "affiliates" as that term is defined in Rule 144 under the Securities Act. Any shares purchased by an affiliate may not be resold except pursuant to an effective registration statement or an applicable exemption from registration, including an exemption under Rule 144 of the Securities Act. The        shares of Class A common stock issuable upon conversion of the Class C common stock will be "restricted securities" as that term is defined in Rule 144 under the Securities Act. These restricted securities may be sold in the public market only if they are registered or if they qualify for an exemption from registration under Rule 144 or Rule 701 under the Securities Act. All of the shares of Class B common stock are subject to contractual restrictions on resale as described more fully in the section entitled "Underwriting".

### Stock Options

Immediately after the completion of this offering, there will be options to purchase        shares of our Class A common stock outstanding under our long-term incentive plans. Shortly after the completion date of this offering, we expect to file a registration statement under the Securities Act covering        shares of Class A common stock reserved for issuance under our long-term incentive plans. The shares of our Class A common stock registered under this registration statement would be immediately available for sale in the open market, subject to vesting restrictions for these options.

## UNDERWRITING

Under the terms and subject to the conditions contained in an underwriting agreement dated the date of this prospectus, the U.S. underwriters named below, for whom Morgan Stanley & Co. Incorporated and Salomon Smith Barney Inc. are acting as U.S. representatives, and the international underwriters named below, for whom Morgan Stanley & Co. International Limited and Salomon Brothers International Limited are acting as international representatives, have severally agreed to purchase, and we have agreed to sell to them, severally, the number of shares indicated below:

<u>Underwriters</u>	<u>Number of Shares</u>
U.S. Underwriters	
Morgan Stanley & Co. Incorporated .....	
Salomon Smith Barney Inc. ....	
Subtotal .....	
International Underwriters	
Morgan Stanley & Co. International Limited .....	
Salomon Brothers International Limited .....	
Subtotal .....	
Total .....	

We refer to the U.S. underwriters and the international underwriters, and the U.S. representatives and the international representatives, as the "underwriters" and the "representatives", respectively. The underwriters are offering the shares of Class A common stock subject to their acceptance of the shares from us and subject to prior sale. The underwriting agreement provides that the obligations of the underwriters to pay for and accept delivery of the shares of Class A common stock offered by this prospectus are subject to the approval of various legal matters by their counsel and to other conditions. The underwriters must take and pay for all of the shares of Class A common stock offered by this prospectus if any of these shares are taken. However, the underwriters are not required to take or pay for the shares covered by the underwriters' over-allotment option described below.

In the agreement between U.S. and international underwriters, sales may be made between U.S. underwriters and international underwriters of any number of shares as may be mutually agreed. The per share price of any shares sold by the underwriters shall be the public offering price listed on the cover page of this prospectus, in United States dollars, less an amount not greater than the per share amount of the concession to dealers described below.

The underwriters initially propose to offer part of the shares of Class A common stock directly to the public at the public offering price listed on the cover page of this prospectus and part to dealers at a price that represents a concession not in excess of \$            a share under the public offering price. Any underwriter may allow, and dealers may reallow, a concession not in excess of \$            a share to other underwriters or to dealers. After the initial offering of the shares of Class A common stock, the offering price and other selling terms may from time to time be varied by the representatives.

We have granted to the U.S. underwriters an option, exercisable for 30 days from the date of this prospectus, to purchase up to an aggregate of            additional shares of Class A common stock at the public offering price listed on the cover page of this prospectus, less underwriting discounts and commissions. The U.S. underwriters may exercise this option solely for the purpose of covering overallotments, if any, made in connection with the offering of the shares of Class A common stock offered by this prospectus. To the extent

the option is exercised, each U.S. underwriter will become obligated, subject to conditions, to purchase about the same percentage of the additional shares of Class A common stock as the number listed next to the U.S. underwriter's name in the preceding table bears to the total number of shares of Class A common stock listed next to the names of all U.S. underwriters in the preceding table. If the U.S. underwriters exercise the option in full, the total price to the public would be \$ , the total underwriters' discounts and commissions would be \$ and total proceeds to us would be \$ .

The underwriters have informed us that they do not intend sales to discretionary accounts to exceed five percent of the total number of shares of Class A common stock offered by them.

We have applied to have our Class A common stock listed on the under the symbol “ ”.

Each of Genuity, the directors and executive officers of Genuity and GTE has agreed that, without the prior written consent of Morgan Stanley & Co. Incorporated and Salomon Smith Barney Inc. on behalf of the underwriters, it will not, during the period ending 180 days after the date of this prospectus:

- offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of directly or indirectly, any shares of Class A common stock or any securities convertible into or exercisable or exchangeable for Class A common stock; or
- enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Class A common stock;

whether any transaction described above is to be settled by delivery of Class A common stock or such other securities, in cash or otherwise. The restrictions described in this paragraph do not apply to:

- the sale of shares to the underwriters;
- our issuance of shares of Class A common stock upon the exercise of an option or a warrant or the conversion of a security outstanding on the date of this prospectus of which the underwriters have been advised in writing; or
- transactions by any person other than us relating to shares of Class A common stock or other securities acquired in open market transactions after the completion of the offering of the shares.

In order to facilitate the offering of the Class A common stock, the underwriters may engage in transactions that stabilize, maintain or otherwise affect the price of the Class A common stock. Specifically, the underwriters may over-allot in connection with the offering, creating a short position in the Class A common stock for their own account. In addition, to cover over-allotments or to stabilize the price of the Class A common stock, the underwriters may bid for, and purchase, shares of Class A common stock in the open market. Finally, the underwriting syndicate may reclaim selling concessions allowed to an underwriter or a dealer for distributing the common stock in the offering, if the syndicate repurchases previously distributed common stock in transactions to cover syndicate short positions, in stabilization transactions or otherwise. Any of these activities may stabilize or maintain the market price of the common stock above independent market levels. The underwriters are not required to engage in these activities, and may end any of these activities at any time.

From time to time, Morgan Stanley & Co. Incorporated and Salomon Smith Barney Inc., have provided, and continue to provide, investment banking services to GTE and Bell Atlantic.

We and the underwriters have agreed to indemnify each other against liabilities, including liabilities under the Securities Act.

**Directed Share Program**

At our request, the underwriters have reserved for sale, at the initial offering price, up to            shares of our Class A common stock offered by this prospectus. The number of shares of Class A common stock available for sale to the general public will be reduced to the extent such persons purchase such reserved shares. Any reserved shares that are not so purchased will be offered by the underwriters to the general public on the same basis as the other shares offered hereby.

**Pricing of the Offering**

Prior to this offering, there has been no public market for the Class A common stock. The initial public offering price will be determined by negotiations between us and the U.S. representatives. Among the factors to be considered in determining the initial public offering price will be the future prospects of our company and its industry in general, sales, earnings and other financial operating information of our company in recent periods, and the price-earnings ratios, price-sales ratios, market prices of securities and some financial and operating information of companies engaged in activities similar to those of our company. The estimated initial public offering price range indicated on the cover page of this preliminary prospectus is subject to change as a result of market conditions and other factors.

**VALIDITY OF CLASS A COMMON STOCK**

The validity of the Class A common stock offered by this prospectus will be passed upon by Ropes & Gray, Boston, Massachusetts, for Genuity, and by Sullivan & Cromwell, New York, New York, for the underwriters.

**EXPERTS**

The financial statements and schedule included in this prospectus and elsewhere in the registration statement have been audited by Arthur Andersen LLP, independent public accountants, as indicated in their reports with respect thereto, and are included herein in reliance upon the authority of said firm as experts in giving said reports.

## WHERE YOU CAN FIND MORE INFORMATION

We have filed with the Securities and Exchange Commission a registration statement on Form S-1, including exhibits and schedules, under the Securities Act with respect to the Class A common stock to be sold in this offering. This prospectus, which constitutes a part of the registration statement, does not contain all of the information set forth in the registration statement or the exhibits and schedules that are part of the registration statement. Any statements made in this prospectus as to the contents of any contract, agreement or other document are not necessarily complete. With respect to each such contract, agreement or other document filed as an exhibit to the registration statement, we refer you to the exhibit for a more complete description of the matter involved, and each statement in this prospectus shall be deemed qualified in its entirety by this reference. You may read and copy all or any portion of the registration statement or any reports, statements or other information in the files at the following public reference facilities of the Securities and Exchange Commission:

Washington, D.C.  
Room 1024, Judiciary Plaza  
450 Fifth Street, N.W.  
Washington, D.C., 20549

New York, New York  
Seven World Trade Center  
Suite 1300  
New York, New York 10048

Chicago, Illinois  
500 West Madison Street  
Suite 1400  
Chicago, Illinois 60661

You can request copies of these documents upon payment of a duplicating fee by writing to the Commission. You may call the Commission at 1-800-SEC-0330 for further information on the operation of its public reference rooms. Our filings, including the registration statement, will also be available to you on the Internet web site maintained by the Commission at <http://www.sec.gov>.

We intend to furnish our stockholders with annual reports containing financial statements audited by our independent auditors.